

## Message Text

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ACTION AF-18

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 FEA-02 SCI-06 INT-08 AGR-20 L-03 H-03 NEA-14

IO-14 DRC-01 /203 W

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PASS AID AND TREASURY

E O 11652: NA

TAGS: EFIN

SUBJ: PROPOSAL TO INCREASE RESOURCES OF AFRICAN DEVELOPMENT  
FUND

REF: ABIDJAN 3671

1. AFRICAN DEVELOPMENT BANK/FUND PRESIDENT A. LABIDI TOSSED  
A MINOR BOMB INTO THE AFDF BOARD OF DIRECTORS MEETING TWO WEEKS  
AGO WHEN HE PROPOSED THAT PRESENT DONORS DOUBLE THEIR CONTRIBU-  
TIONS TO THE FUND OVER NEXT TWO YEARS TO MEET EXPECTED DEMAND  
AND CURRENT SPEED-UP OF COMMITMENTS OF FUND'S PRESENT RESOURCES.  
ACCORDING TO TWO OF DIRECTORS, UK AND CANADA, BOARD WAS TAKEN  
BY SURPRISE BUT WENT ONTO CONSIDER POSSIBLE STEPS TO RESPOND  
TO LABIDI PRIOR TO ANNUAL MEETING OF FUND'S BOARD OF GOVERNORS  
IN RABAT, JULY 1-5.

2. LABIDI MEMORANDUM (AIR POUCHING TO STATE/AF), WHICH WENT  
THROUGH REVISIONS BEFORE BEING CIRCULATED TO DIRECTORS ON MAY 13,  
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NOTES THAT AS OF END OF MAY 1974 NINE PROJECTS AND STUDIES

INVOLVING UNITS OF ACCOUNT (U.A.) 21 MILLION WILL HAVE BEEN APPROVED BY DIRECTORS. EXPECTATION IS THAT U.A. 30 MILLION GOAL FOR 1974 WILL BE SURPASSED AND THAT U.A. 40 MILLION TOTAL MORE LIKELY, WITH ANOTHER U.A. 60 MILLION IN 1975 AND U.A. 80 MILLION IN 1976. THIS AGAINST TOTAL EXPECTED RESOURCE AVAILABILITY TO FUND THROUGH 1976 OF ONLY U.A. 90.65 MILLION. LABIDI THUS SEES "RESOURCES GAP" OF U.A. 90 MILLION AND, THEREFORE, PROPOSES DOUBLING OF CONTRIBUTIONS OF PRESENT FUND MEMBERS TO BE ACCOMPLISHED DURING 1975 AND 1976. MEMO ALSO ADDRESSES FUTURE REPLENISHMENTS AND EXPANSION OF MEMBERSHIP, BUT ONLY IN HORTATORY TERMS. NO SPECIFIC REFERENCE MADE TO UNITED STATES.

3. WHEN MEMO WAS DISCUSSED BY DIRECTORS, BOTH IN A RUMP SESSION OF DONORS AND IN FULL BOARD, IT WAS AGREED THAT DIRECTORS WOULD SOUND OUT THEIR CAPITALS; THAT DAVID HILTON, CANADIAN DIRECTOR (AND DCM ABIDJAN), WOULD VISIT SEVERAL EUROPEAN CAPITALS NEXT WEEK TO GENERATE INTEREST; AND, IF ENOUGH INTEREST APPEARED, DONORS WOULD MEET IN EUROPE IN MID-JUNE TO DEVELOP POSITION IN ADVANCE OF RABAT. (HILTON WILL SEE GERMANS AND DUTCH IN THE HAGUE, NORDICS IN HELSINKI AND BRITISH IN LONDON, AND ARRIVE OTTAWA ON/ ABOUT JUNE 3.) BOARD OF DIRECTORS SCHEDULED MEET AGAIN RABAT JUNE 26 TO DRAW UP RESOLUTION FOR BOARD OF GOVERNORS.

4. ACCORDING TO OUR INFORMATION, INITIAL DONOR REACTIONS WERE IN SPECTRUM, WITH GERMANS, CANADIANS AND NORDICS MOST POSITIVE ABOUT INCREASING FUND'S RESOURCES; SWISS, SPANIARDS AND JAPANESE LEAST ENTHUSIASTIC; AND BRITISH AND DUTCH IN BETWEEN. BELGIUM AND ITALY NOT YET COMPLETED RATIFICATION SO NOT YET REPRESENTED. JAPANESE IN PARTICULAR EXPRESS VIEW THAT THEY ARE ONLY IN FUND BECAUSE U.S. WAS GOING TO JOIN AND, UNTIL U.S. DOES JOIN, THEY ARE NOT KEEN TO INCREASE THEIR INVOLVEMENT.

5. HILTON'S PERSONAL ESTIMATE OF OUTCOME THESE DELIBERATIONS IS THAT DIRECTORS WILL RECOMMEND NEGOTIATIONS FOR SOME INCREASE, BUT NOT NECESSARILY DOUBLING OF RESOURCES.

6. WHEN ASKED WHAT HE THOUGHT EFFECT OF RESOURCE INCREASE WOULD BE ON U.S. MEMBERSHIP IN FUND, HILTON MADE CLEAR THAT, IF U.S. BECAME MEMBER BEFORE DECEMBER 31, 1974, WE WOULD STILL ONLY BE REQUIRED TO CONTRIBUTE U.S. DOLS 15 MILLION. IF WE DO NOT JOIN LIMITED OFFICIAL USE

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UNTIL 1975 OR LATER, THERE WOULD NATURALLY BE STRONG PRESSURE ON U.S. TO COME IN AT A HIGHER FIGURE TO BE NEGOTIATED.

7. HILTON INQUIRED AS TO STATUS OF AID LOAN TO BANK. AMBASSADOR REPLIED THAT IT WAS STILL IN LIMBO. HILTON THOUGHT THAT FAVORABLE ACTION ON LOAN WOULD HELP MAKE IT EASIER FOR JAPAN TO INCREASE ITS CONTRIBUTION TO FUND.

8. HILTON PLANS TELEPHONE GEORGE KENNEY, AF/EPS, WEEK OF JUNE  
3 FOR UPDATE ON U.S. POSITION, I.E. STATUS OF IDA REPLENISHMENT,  
AFDF CONTRIBUTION AND AID LOAN. WE SHOULD APPRECIATE WASHINGTON  
RESPONSE REFTEL AS WELL.  
SMITH

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## Message Attributes

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